

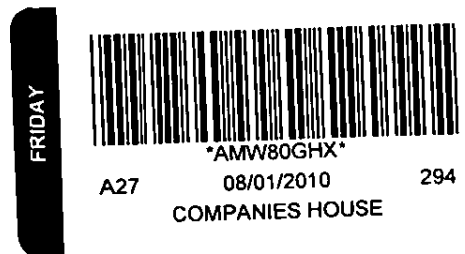
Avery Healthcare Limited
(formerly Avery Homes Cliftonville Limited and
Newincco 867 Limited)

Directors' report and financial
statements

Registered number 06655152

31 March 2009

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Directors' report

The directors present their directors' report and financial statements for the period from 24 July 2008 (date of incorporation) to 31 March 2009.

Principal activities

The company acquired freehold land and buildings during the period. Going forward, the principal activity will be the development and operation of care homes together with the provision of specialist services for the elderly.

Business review

The company was incorporated on 24 July 2008 and did not trade during the period, although certain administrative expenses were incurred.

Proposed dividend

The directors do not recommend the payment of a dividend.

Directors

The directors who held office during the period were as follows:

DP Burke	(appointed 8 August 2008)
I Matthews	(appointed 8 August 2008)
JMB Strowbridge	(appointed 8 August 2008)
Olswang Directors 1 Limited	(appointed 24 July 2008, resigned 8 August 2008)
Olswang Directors 2 Limited	(appointed 24 July 2008, resigned 8 August 2008)

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

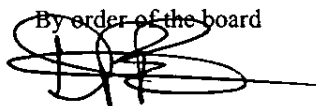
Auditors

KPMG LLP were appointed as the first auditors of the company.

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

The directors' report has been prepared taking advantage of the small companies exemption under Section 415A of the Companies Act 2006.

By order of the board



DP Burke
Director

1B Basset Court
Loake Close, Grange Park
Northampton
NN4 5EZ

30 September 2009

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transaction and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



KPMG LLP

Quayside House
110 Quayside -
Newcastle upon Tyne
NE1 3DX
United Kingdom

Independent auditors' report to the members of Avery Healthcare Limited (formerly Avery Homes Cliftonville Limited and Newincco 867 Limited)

We have audited the financial statements of Avery Healthcare Limited (formerly Avery Homes Cliftonville Limited and Newincco 867 Limited) for the period from 24 July 2008 (date of incorporation) to 31 March 2009 set out on pages 5 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2009 and of its loss for the period then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent auditors' report to the members of Avery Healthcare Limited
(formerly Avery Homes Cliftonville Limited and Newincco 867 Limited)
(continued)**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Paul Moran (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX

30 September 2009

Profit and loss account

for the period from 24 July 2008 (date of incorporation) to 31 March 2009

	<i>Note</i>	Period ended 31 March 2009 £
Administrative expenses		(2,800)
Loss on ordinary activities before taxation		(2,800)
Tax on loss on ordinary activities	4	-
Loss for the financial period	9	(2,800)

All results derive from continuing operations.

There were no gains or losses other than the result for the period.

Balance sheet
at 31 March 2009

	<i>Note</i>	2009	
		£	£
Fixed assets			
Tangible assets	5		325,454
Current assets			
Debtors	6	7,051	
Creditors: amounts falling due within one year	7	(335,304)	
Net current liabilities			(328,253)
Net liabilities			(2,799)
Capital and reserves			
Called up share capital	8		1
Profit and loss account	9		(2,800)
Shareholders' deficit			(2,799)

These financial statements were approved by the board of directors on 30 September 2009 and were signed on its behalf by:



DP Burke
Director

Reconciliation of movements in shareholders' deficit
for the period from 24 July 2008 (date of incorporation) to 31 March 2009

	Period ended 31 March 2009 £
Loss for the financial period	(2,800)
New share capital subscribed	1
Net reduction in shareholders' funds	(2,799)
Opening shareholders' funds	-
Closing shareholders' deficit	(2,799)

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

As 100% of the company's voting rights are controlled within the group headed by Willowbrook Healthcare Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Willowbrook Healthcare Limited, within which this company is included, can be obtained from the address given in note 11.

Fundamental accounting concept

The immediate parent company, Willowbrook Healthcare Debtco Limited, has agreed to continue to provide the company with the necessary financial support and working capital for at least one year from the date of approval of these financial statements to allow the company to meet its liabilities as they fall due. The company is also subject to cross guaranteed banking arrangements with other group undertakings.

The group meets its day-to-day working capital requirements through operating cash flows, bank loans, overdraft facilities and preference share capital. The current economic conditions create an element of uncertainty over demand for the group's services but the group forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group is expected to have a sufficient level of financial resources available through current facilities and therefore the directors believe that the group is well placed to manage its business risks successfully despite the economic uncertainty. The directors have received formal assurances from the preference shareholders that they have no intention of seeking repayment of either the preference share capital (which is only redeemable on a sale or flotation of the ultimate parent company) or of the accrued dividends on this preference share capital for the foreseeable future, and in particular for at least 12 months from the date of approval of these financial statements.

Notwithstanding the net current liabilities of £328,253 and net liabilities of £2,799 at the balance sheet date (of which £279,070 relates to amounts owed to group undertakings at the balance sheet date), after making enquiries the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to prepare the financial statements on a going concern basis.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings - 2% straight line

No depreciation is provided assets in the course of construction.

Notes (continued)

1 Accounting policies (continued)

Taxation

The charge for taxation is based on the result for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Classification of financial instruments issued by the company

Financial instruments issued by the company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

Financial instruments

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

2 Notes to the profit and loss account

Period ended
31 March 2009
£

Auditors' remuneration:

Audit of these financial statements

2,800

Notes (continued)

2 Notes to the profit and loss account (continued)

Amounts receivable by the company's auditor in respect of services to the company and its associates, other than the audit of the company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis, in the consolidated financial statements of the company's ultimate parent, Willowbrook Healthcare Limited.

3 Remuneration of directors

No remuneration was paid to the directors during the period. The directors were the only employees.

4 Taxation

Analysis of credit in period

	Period ended 31 March 2009 £
<i>UK corporation tax</i>	
Current tax on income for the period	-

Factors affecting the tax credit for the current period

The current tax credit for the period is lower than the standard rate of corporation tax in the UK (28%). The differences are explained below.

	Period ended 31 March 2009 £
<i>Current tax reconciliation</i>	
Loss on ordinary activities before tax	(2,800)
Current tax at 28%	(784)
<i>Effects of:</i>	
Tax losses carried forward	784
Total current tax credit (see above)	-

Factors that may affect future current and total tax charges

The company has trading losses of £2,800 available to offset future trading profits. A deferred tax asset of £784 has not been recognised in respect of these losses due to uncertainty over the timing of its future recovery.

Notes (continued)

5 Tangible fixed assets

	Freehold land and buildings £
<i>Cost and net book value</i>	
At beginning of period	-
Additions	325,454
At end of period	325,454

No depreciation has been charged on the above, which were in the course of construction at the year end.

6 Debtors

	2009 £
Amounts owed by group undertakings	1
Other debtors	7,050
	7,051

7 Creditors: amounts falling due within one year

	2009 £
Trade creditors	56,234
Amounts owed to group undertakings	279,070
	335,304

Notes (continued)

8 Called up share capital

	2009 £
<i>Authorised</i>	
1,000 ordinary shares of £1 each	1,000
<i>Allotted, called up and fully paid</i>	
1 ordinary share of £1	1

9 Reserves

	Profit and loss account £
At beginning of period	-
Loss for the period	(2,800)
At end of period	(2,800)

10 Contingent liabilities

The company, together with fellow subsidiary companies and the ultimate parent undertaking, has entered into a composite banking arrangement to secure group interest and banking facilities. As part of this arrangement a cross-guarantee was given to the bank by the company.

Group borrowings secured but unprovided in these financial statements amount to £nil.

11 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of Willowbrook Healthcare Debtco Limited. The ultimate parent company is Willowbrook Healthcare Limited.

The only group in which the results of the company are consolidated is that headed by Willowbrook Healthcare Limited. The consolidated financial statements of Willowbrook Healthcare Limited are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

The directors consider the ultimate controlling party to be Graphite Capital Partners, the majority shareholder of the ultimate parent company.